

# A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 330 WEST 42nd ST., NEW YORK, N. Y.

APRIL 20, 1936

## SURVEY MADE ON OFFICE EQUIPMENT

A recent survey of the practice on control of office equipment among six of our large company members showed some interesting facts.

Five of the six allow the office manager to determine standards on office furniture and machines, while one puts this matter under control of a Methods and Standards Department.

Approval of requests for office equipment is either under the budget officer, the office manager, or the Methods and Standards Department.

The repair and maintenance of office equipment is a field which brought out considerable difference of opinion. Two companies employ their own mechanics for this work and have found this a satisfactory and economical method. One uses its own mechanics on some of the machines but prefers the service of the manufacturer on certain types of machines. One has tried using its own mechanics and has given it up in favor of the manufacturer's service, and two report satisfactory and economical use of such service under contracts with the manufacturers of their equipment.

## Folder Enclosed

Enclosed with this issue of the NEWS LETTER is a folder that describes the functions and purposes of the American Management Association. It outlines in a concise way how the Association is constructed, and how its divisions operate. The whole thing can be read in about five minutes.

Members are asked to read it and pass it on to non-members of the Association.

## New Members Enthusiastic

New members of the AMA who have come into the Association in recent weeks have strongly expressed their satisfaction with the Association's work. Several have declared that they have already found the AMA services of invaluable aid in conducting their business.

As mentioned last month, all this is indicative of a new and reviving interest in all the phases of management. There is much evidence to show that

## Two AMA Magazines Off Press This Week

The May issue of *The Management Review*, which will be off the press the latter part of April, will contain the first of a series of two articles on "The Annual Allowance for Depreciation," by Donald Horne.

Mr. Horne is a member of the New York Bar, is counsel for the Institute of Economic Research, and formerly was Special Attorney for the Bureau of Internal Revenue. He is a specialist in Federal taxation.

The *Review* will also contain a "Current Comment"—the last of a series of two—by V. Orval Watts of Antioch College. The coming article is entitled "Social Inequality." His article in the April number on "Capital and Wages" brought forth many favorable comments; one member firm asked permission to reprint the article for distribution among some of its employees.

Also to be published this week is the May number of the quarterly publication *Personnel*. This issue of *Personnel* will contain more than a half dozen articles by personnel authorities, including a series on selection tests.

The table of contents includes: "The Application of Psychology to the problems of Business and Industry," by Samuel N. Stevens, Director, The University College, Northwestern University.

"Mental Alertness Tests as Aids in Selecting Employees," by Richard Stephen Uhrbrock, Head of Research Department, Industrial Relations Division, The Procter & Gamble Company.

"Overcoming Barriers to Industrial Testing," by Arthur Kornhauser, Associate Professor of Business Psychology, School of Business, University of Chicago.

"Psychology and the Accident-Prone Employee," by Robert N. McMurry, Executive Secretary, The Psychological Corporation.

"The Place of Statistical Analysis in Modern Personnel Administration," by Dale Yoder, Professor of Personnel

there is a tendency toward "management consciousness." Firms are seeking to establish a more scientific order within their organizations.

Administration, School of Business Administration, University of Minnesota.

"Management and the Hospital Service Plan," by Maxwell Hahn, Associated Hospital Service of New York.

Three of the articles, those by Dr. Stevens, Dr. Uhrbrock and Dr. Kornhauser, were read as papers at the Chicago Conference on Personnel and Industrial Relations.

"Some stray copies of *The Management Review* reached me a few days ago," writes a gentleman from Washington, D. C., "and I do not exaggerate in stating that the section entitled 'The Management Index' is the best review of all phases of business activity that I have ever seen. Furthermore, its brief paragraphs are so written that the reader receives a clear impression as to whether or not he wishes further information on that particular subject; and if he does wish further information he is told exactly how to get it.

"In other words, the editing is excellent."

*The Management Review*, containing as it does, in condensed form the best articles appearing in hundreds of business publications, holds a unique place in business literature. The editors of the *Review* are kept busy throughout each month scanning the magazines for likely articles that will be of interest to the members of the various divisions of the AMA. One of the great virtues of the magazine is that its abstracts can be read in from 30 minutes to an hour.

## Books for You

It has been some time since we ran a note in this publication about books of interest to business executives. Some good ones have been published in the last few months and among the most recent are:

"The Knack of Selling More," by Burton Bigelow, McGraw-Hill Book Company (three volumes).

"The Practical Handbook of Business and Finance," published by the Garden City Publishing Company.

"Life Insurance Correspondence," by Felix E. Held, Life Office Management Association.

# A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 330 WEST 42nd ST., NEW YORK, N. Y.

APRIL 20, 1936

## SURVEY MADE ON OFFICE EQUIPMENT

A recent survey of the practice on control of office equipment among six of our large company members showed some interesting facts.

Five of the six allow the office manager to determine standards on office furniture and machines, while one puts this matter under control of a Methods and Standards Department.

Approval of requests for office equipment is either under the budget officer, the office manager, or the Methods and Standards Department.

The repair and maintenance of office equipment is a field which brought out considerable difference of opinion. Two companies employ their own mechanics for this work and have found this a satisfactory and economical method. One uses its own mechanics on some of the machines but prefers the service of the manufacturer on certain types of machines. One has tried using its own mechanics and has given it up in favor of the manufacturer's service, and two report satisfactory and economical use of such service under contracts with the manufacturers of their equipment.

## Folder Enclosed

Enclosed with this issue of the NEWS LETTER is a folder that describes the functions and purposes of the American Management Association. It outlines in a concise way how the Association is constructed, and how its divisions operate. The whole thing can be read in about five minutes.

Members are asked to read it and pass it on to non-members of the Association.

## New Members Enthusiastic

New members of the AMA who have come into the Association in recent weeks have strongly expressed their satisfaction with the Association's work. Several have declared that they have already found the AMA services of invaluable aid in conducting their business.

As mentioned last month, all this is indicative of a new and reviving interest in all the phases of management. There is much evidence to show that

## Two AMA Magazines Off Press This Week

The May issue of *The Management Review*, which will be off the press the latter part of April, will contain the first of a series of two articles on "The Annual Allowance for Depreciation," by Donald Horne.

Mr. Horne is a member of the New York Bar, is counsel for the Institute of Economic Research, and formerly was Special Attorney for the Bureau of Internal Revenue. He is a specialist in Federal taxation.

The *Review* will also contain a "Current Comment"—the last of a series of two—by V. Orval Watts of Antioch College. The coming article is entitled "Social Inequality." His article in the April number on "Capital and Wages" brought forth many favorable comments; one member firm asked permission to reprint the article for distribution among some of its employees.

Also to be published this week is the May number of the quarterly publication *Personnel*. This issue of *Personnel* will contain more than a half dozen articles by personnel authorities, including a series on selection tests.

The table of contents includes: "The Application of Psychology to the problems of Business and Industry," by Samuel N. Stevens, Director, The University College, Northwestern University.

"Mental Alertness Tests as Aids in Selecting Employees," by Richard Stephen Uhrbrock, Head of Research Department, Industrial Relations Division, The Procter & Gamble Company.

"Overcoming Barriers to Industrial Testing," by Arthur Kornhauser, Associate Professor of Business Psychology, School of Business, University of Chicago.

"Psychology and the Accident-Prone Employee," by Robert N. McMurry, Executive Secretary, The Psychological Corporation.

"The Place of Statistical Analysis in Modern Personnel Administration," by Dale Yoder, Professor of Personnel

there is a tendency toward "management consciousness." Firms are seeking to establish a more scientific order within their organizations.

Administration, School of Business Administration, University of Minnesota.

"Management and the Hospital Service Plan," by Maxwell Hahn, Associated Hospital Service of New York.

Three of the articles, those by Dr. Stevens, Dr. Uhrbrock and Dr. Kornhauser, were read as papers at the Chicago Conference on Personnel and Industrial Relations.

"Some stray copies of *The Management Review* reached me a few days ago," writes a gentleman from Washington, D. C., "and I do not exaggerate in stating that the section entitled 'The Management Index' is the best review of all phases of business activity that I have ever seen. Furthermore, its brief paragraphs are so written that the reader receives a clear impression as to whether or not he wishes further information on that particular subject; and if he does wish further information he is told exactly how to get it.

"In other words, the editing is excellent."

*The Management Review*, containing as it does, in condensed form the best articles appearing in hundreds of business publications, holds a unique place in business literature. The editors of the *Review* are kept busy throughout each month scanning the magazines for likely articles that will be of interest to the members of the various divisions of the AMA. One of the great virtues of the magazine is that its abstracts can be read in from 30 minutes to an hour.

## Books for You

It has been some time since we ran a note in this publication about books of interest to business executives. Some good ones have been published in the last few months and among the most recent are:

"The Knack of Selling More," by Burton Bigelow, McGraw-Hill Book Company (three volumes).

"The Practical Handbook of Business and Finance," published by the Garden City Publishing Company.

"Life Insurance Correspondence," by Felix E. Held, Life Office Management Association.

330.973  
Amg  
APR 20 1936

# A.M.A. NEWS LETTER

AMERICAN MANAGEMENT ASSOCIATION, 330 WEST 42nd ST., NEW YORK, N. Y.

APRIL 20, 1936

## THE A.M.A.

**A non-profit organization  
of professional executives  
whose job it is to get the day's  
work done - Practical solu-  
tions for practical problems.**

## AMA AT CLEVELAND

In the last week AMA members invaded the city of Cleveland to attend the sessions of the Association's two production divisions. The conference took place on April 16-17 at the Hotel Statler. The meeting was well attended by production people from many sections of the country. Subjects were discussed from the viewpoint of changing from a depression to a production basis of plant operation.

## Insurance Program Draws Approval of Membership

**Big Attendance Expected at Meeting at Atlantic City  
May 11-12**

Again the Insurance Division rings the bell!

Printed programs of the Insurance Conference, which is to be held at Atlantic City, May 11-12, mailed out in the last few weeks, have brought forth a chorus of delighted yells from insurance people.

Very much in evidence is the painstaking groundwork by the committee, under the leadership of J. Albert Robinson, Insurance Manager, McKesson & Robbins, Inc. to uncover the really important insurance problems of the day and obtain the best men to discuss them. No detail in the formation of the program was considered too insignificant for close attention, and the result is that one may attend the sessions, and when they are over, return to his office confident that he has heard a complete examination and general "airing" of foremost current insurance problems.

Advance registrations for the meeting are coming in, and it is to Atlantic City that AMA people will be flocking in the mild month of May.

One of the features of the sessions which was not mentioned in last month's NEWS LETTER will be the work of the "Commentators," John R. Blades, Insurance Advisor, and Ralph H. Blanchard of the Columbia University School of Business, who at the conclusion of the discussion on each subject will summarize the principal points of the papers and the comments from the floor.

AMA members who are at all concerned with insurance problems should plan to attend this conference.

## PERSONNEL PAPERS ARE PUBLISHED

**Most Practical and Authoritative  
Literature on Current  
Personnel Subjects**

Among recent AMA publications are the proceedings of the conferences on personnel and industrial relations policy and office management. These proceedings are today probably the most up-to-date, authoritative, and practical literature to be found anywhere on the subjects of social security, employee representation, collective bargaining, selection methods, compensation methods, personnel records, payroll procedures, and other related topics.

An invaluable aid to anyone in personnel work, they also are of tremendous value to all employers. The proceedings are divided into five pamphlets: "Compensation Problems and Training Technique Today"; "Management's Industrial Relations Problems"; "Practical Aspects of Unemployment Insurance and Old-Age Security"; "Personnel and Payroll Records Under the Social Security Laws"; and "Meeting Office Management Problems Created by Recent Federal and State Legislation."

If you have not seen these proceedings, write today to AMA headquarters for copies. Over 200 pages of practical and workable information that fills a real gap in the literature on these subjects.

## Institute Prepares for Annual Meeting

**Program Schedule Announced by  
H. B. Bergen—Session Due in  
Late May or Early June**

The annual one-day meeting of the Institute of Management will be held late in May or very early in June in conjunction with the annual meeting of the AMA, it was announced in a recent release from the President of the Institute, Harold B. Bergen, Director of Industrial Relations, The Procter & Gamble Company.

The tentative program of the one-day session as announced by Mr. Bergen includes:

A paper by Frank Cushman on "Techniques of Training Skilled Workers."

Annual Business Meeting.  
Luncheon of Executive Board.

A paper by C. C. Balderston, University of Pennsylvania, on "Techniques of Job Grading and Pay Determination."

A dinner meeting will be held at which the Gantt Medal will be awarded to a recipient to be selected by the Gantt Medal Board. At the dinner meeting also, J. O. McKinsey, Chairman, Marshall Field & Company, will speak on "Methods of Establishing the Management Organization Structure and of Coordinating the Various Units of the Organization."

The Gantt Medal Board consists of Dwight T. Farnham (1936); Harold V. Coes, Manager Industrial Department, Ford, Bacon & Davis, Inc.; representing the Institute of Management, Lillian M. Gilbreth, President, Gilbreth, Inc.; representing the A.S.M.E., K. H. Condit, Editor, *American Machinist*, D. B. Porter, New York University, and F. E. Raymond, Massachusetts Institute of Technology.

The following have been appointed to the 1936 nominating committee: Mr. Coes, Mrs. Gilbreth, and Mr. Farnham.

The special reorganization committee consists of Stanley P. Farwell, President, Business Research Corporation, Chairman; Chester E. Davies, Assistant to President, Western Union Telegraph Company, and John S. Keir, Economist, Dennison Manufacturing Company.



This digest covers the views of various authorities. It does not include any strictly confidential information nor specific advices from the sources.

# BUSINESS CONDITIONS

Vol. 9, No. 4

April, 1936

|                              | ALEXANDER HAMILTON INSTITUTE  | BABSON STATISTICAL ORGANIZATION  | BROOKMIRE, INC.   | THOMAS GIBSON, INC.  |  |
|------------------------------|---|--|---|--|--|
| GENERAL OUTLOOK              | The current state of business is reflected in the 14 weekly indexes of which 12 advanced, one declined and one was unchanged (April 11).  | With increased agricultural income and the payment of the veterans' bonus in mid-June, the next few months offer no ground for pessimism (April 13).   | Current domestic business background remains favorable, but seasonal slackening in a number of lines should not be far distant (April 11).                      | One of the clearest pictures seen in a long while is presented for substantial business and corporate profit improvement (April 3).                            | B<br>bou<br>leve<br>wea<br>trad          |
| MONEY AND CREDIT             | The Federal debt at the end of March totaled \$31,459,140,000, showing an increase of \$939,479,000 over the close of February (April 11).  | Continuing government deficits seem practically assured until the growing volume of business lifts tax revenues (April 13).  | In light of the changes in the banking situation, the base for credit expansion remains tremendous (April 4).   | While the presence of cheap capital does not mean that it will be used, history shows that the prolonged presence of it eventually leads to its use (April 9). | A<br>Fed<br>rese<br>to 5                 |
| SECURITY MARKETS             | The duration of the market's advance has been exceptional and the absence of a reaction in so long a period is also exceptional (April 9).  | There is evidence that the long-pull upward swing in the market is still proceeding (April 13).  | Despite optimism, the stock market for weeks has failed to make clear-cut progress on the upside; declines have been slight; activity has decreased (April 11). | Replacements of higher interest-bearing senior securities with lower coupon issues are going ahead with increasing momentum (April 9).                         | In<br>2,81<br>den<br>first<br>19%<br>(Ap |
| PRODUCTION                   | Unless manufactured goods prices are further reduced, a recession in factory output may occur this year, although heavy government expenditure including the bonus is a tempering factor (April 4). | As plans now stand, April may be one of the peak months in the automobile industry for 1936 (April 13).  | Durable goods industries, though at a low level have been forging ahead more rapidly than consumers goods (April 4).  | Steel production is up to its highest since June, 1930 and electric power production is up 12.7% (April 9).  | St<br>reco<br>buy<br>buy                 |
| DISTRIBUTION                 | Freight car loadings in the first quarter showed a decline from recovery's high reached in the final quarter of 1935, but still were 5.3% greater than the same period a year ago (April 11).       | First estimates of Easter retail sales indicate increases running from 20% to 50% over a year ago (April 13).  | In the past year, living costs have gone up less than incomes of wage earners, so buying power is greater (April 4).  | Relief payments, bonus payments, and farm subsidies will greatly stimulate the immediate consumption industries for the rest of 1936 (April 9).                | In<br>refr<br>over<br>sale<br>61%        |
| BUILDING                     |   | March building was on a liberal scale despite continued recession in contracts sponsored by public funds (April 13).   |   | New construction, notably in the residential field is rising; gains are also being shown in home furnishing sales in department stores (April 3).              | P<br>Mar<br>ary,<br>(Ap                  |
| AGRICULTURE                  | Cash farm income received by farmers in February was sharply lower than in the previous month. Despite the decrease, the cash income was 16.7% above the previous year (April 11).                  | Hogs, butter, wheat and many other products of the farm seem destined to average below a year ago should the prospective increase in production of these commodities materialize (March 30). | Potential increase in farm products will cause larger farmer purchasing power, despite lower realization price (April 4).                                       | On past subsidies farmers are to receive \$300,000,000 soon; on new subsidies they are to get \$440,000,000 in July, August and September (April 9).           | A<br>sign<br>alon<br>11)                 |
| COMMODITY PRICES             |   | Liberal share of consumers' income will be available for semi-luxury lines since no immediate sharp rise in prices of necessities is in sight (April 13).                                    | The mixed price outlook necessitates a discriminating policy, but forward purchases appear advisable in certain industrial products (April 4).                  |  | N<br>firm<br>goin                        |
| FOREIGN TRADE AND CONDITIONS | The foreign trade of the U. S. with the Latin American countries increased materially during 1935. Our imports from these countries were 24.3% larger in 1935 than in 1934 (April 11).              |  | Foreign developments continue disturbing; financial tension in France is evident in the weekly report of the Bank of France (April 11).                         | Foreign developments are receding as an influence on domestic markets, but they hold a threat that cannot be ignored (April 9).                                | M<br>goo<br>driv<br>in n<br>hav          |
| LABOR AND WAGES              | After declining in January from the recovery peak in the previous month, factory payrolls showed a slight gain in February (April 4).   | Labor troubles are seasonally on the increase and both the present month and May should see higher strike totals (April 13).   | It is entirely possible that national income will rise two to five billions in 1936 over 1935 (April 4).  |  |  |

# NEWS AND FORECASTS

Prepared Monthly by the AMERICAN MANAGEMENT ASSOCIATION  
Reproduction Not Permitted

1936

Copyright, 1936 by the AMERICAN MANAGEMENT ASSOCIATION

| BUSINESS WEEK   | CLEVELAND TRUST COMPANY   | GUARANTY TRUST COMPANY   | NATIONAL CITY BANK   |
|---|---|--|--|
| Business Week's index has rebounded to the 70%-of-normal level where it was when February weather and floods put a crimp in trade (April 11).                                   | Business has made a good showing during the first quarter of this year despite the factors of weather, water, war, and political uncertainty (April 15).                                    | Business activity has shown some irregularities but generally has moved in line with the usual seasonal tendency (March 30).                             | With due consideration of the difficulties, the view that this spring will be the best in six years is prevalent (April).                                |
| Anxious to show it is on job new Federal Reserve Board will raise reserve requirements by from 25% to 50% in near future (April 11).  |   | On March 25 excess reserves of member banks were \$750,000,000 lower than February 25, and a billion below the December peak (March 30).                 | Banking statistics of the past month were colored by Government financial operations centering on the quarterly tax date (April).                        |
| In the first quarter of 1936 some 2,819 corporations announced dividends of \$780,912,222, the best first-quarter total since 1932, and 19% greater than a year ago (April 11). |   | New security flotations last month were somewhat smaller than in the few months before, but much larger than in any February in recent years (March 30). | The heavy volume of refinancing continues to be the feature of the corporate bond market (April).  |
| Steel production reflects a broad recovery among miscellaneous steel buyers, together with impressive buying from railroads (April 11).   | The present recession in production has been considerable, but it does not appear to have any alarming significance (April 15).   | Production has been temporarily halted in many industrial areas by the floods, but normal operations are now being resumed (March 30).                   | Machine tool orders made a further gain in February and were more than double the 1935 volume; reports on electric equipment are also favorable (April). |
| In the first two months, electric refrigerator sales jumped 39% over a year ago, washing machine sales 21%, oil burner shipments 61% (April 11).                                | Retail trade has been relatively good (April 15).   | Freight loadings during the second week of March show a marked decline, due mainly to a smaller movement of coal (March 30).                             |  |
| Private construction awards in March increased 41% over February, and 169% over March, 1935 (April 4).  | It is probably true that construction was going forward at about one-quarter of normal volume in the first quarter of last year, and that it is now at about one-half of normal (April 15). | Construction contracts in February were sharply below the January total but nearly twice those of a year ago (March 30).                                 | Total building contracts awarded in first half of March were 70% ahead of year ago and residential contracts 96% (April).                                |
| AAA hopes it isn't true, but signs point to general increase all along the agricultural line (April 11).  |   | Once again the farmers are invited to get Government help and are discouraged from thinking of self-help (March 30).                                     | Farm purchasing power will be upheld by payments still due under the AAA, followed by payments under the SCA (April).                                    |
| Non-ferrous metal prices are firm and have a good chance of going higher (April 11).  | It now appears likely that the country's increasing demand for steel products will serve to postpone, if not to preclude, major reductions in the prices of steel products (April 15).      | Commodity prices have moved into a comparatively narrow range, with unusually few sharp fluctuations in recent weeks (March 30).                         |  |
| Mounting demand for American goods abroad starts new export drives and branch plant expansions in many countries. Trade treaties have helped (April 11).                        |   | Domestic trade in general has proceeded with surprisingly little disturbance from the menacing situation abroad (March 30).                              | The crisis in European affairs was an unsettling factor, but on this side of the ocean the disturbance has proved temporary (April).                     |
|   | All careful estimates agree that the numbers of unemployed are distressingly large, and but slowly diminishing (April 15).  | Losses suffered through floods will be mitigated by the employment of many persons in reconstruction work (March 30).                                    | Temporary unemployment caused in some sections by floods is declining due to the increase of workers in the reconstruction drive (April).                |